



**United States Department of Justice
United States Attorney's Office
District of Minnesota**



News Release

**B. Todd Jones,
United States Attorney**

**Jeanne F. Cooney
Director of Community Relations
(612) 664-5611
email: jeanne.cooney@usdoj.gov**

**FOR IMMEDIATE RELEASE
Tuesday, March 23, 2010
WWW.USDOJ.GOV/USAO/MN**

Ellendale man pleads guilty to orchestrating multi-million-dollar mortgage fraud scheme

A 35-year-old Ellendale, Minnesota, man pleaded guilty today in federal court to charges stemming from a mortgage fraud scheme that resulted in losses of at least \$20 million for mortgage lenders. Michael Anthony Prieskorn was charged with orchestrating the scheme, which involved the purchase of approximately 70 residential properties in Florida and Minnesota between December 2006 and April 2007. Appearing before United States District Court Judge Paul A. Magnuson in St. Paul, Prieskorn specifically pled guilty to one count of conspiracy to commit wire fraud and one count of engaging in an illegal monetary transaction. Prieskorn was indicted on January 20, 2010.

In his plea agreement, Prieskorn admitted he and others conspired to obtain mortgage loan proceeds by luring others to buy properties. In return, Prieskorn promised the buyers \$5,000 for every property purchased. He also promised to make all mortgage payments and pay all other bills associated with the properties for a specific term, after which, he would sell the properties at no cost to the original buyers or "investors." Prieskorn maintained that the mortgage loans were risk free to their investors, knowing all the while the 20 investors were responsible for the loans. Following the closing of these real estate transactions, many investors defaulted on their mortgage loans and were forced into short sales or foreclosure. Yet, Prieskorn admitted receiving at least \$1 million in gross receipts as a result of the scam.

In pleading guilty, Prieskorn also admitted concealing from mortgage lenders that he temporarily deposited funds into the bank accounts of some investors to misrepresent the true financial status of those buyers, thereby inducing lender approval of the mortgage loans. He also concealed from the 20 mortgage lenders that he paid the down payments and closing costs for

their investors.

In furtherance of the scheme, Prieskorn transferred money, by wire, into investors' bank accounts and caused the faxing of fraudulent mortgage loan applications to potential mortgage lenders. He also caused lenders to make wire transfers of mortgage loan proceeds on related real estate transactions. Specific to the monetary transaction count, Prieskorn structured financial transactions to conceal that he was the recipient of funds from the fraud. Those transactions included a \$225,000 transfer on May 7, 2007.

For his crimes, Prieskorn faces a potential maximum penalty of 20 years in prison on the conspiracy count and 10 years on the monetary transaction count. Judge Magnuson will determine his sentence at a future date, yet to be determined.

This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division, the Eagan Police Department, the Minnesota Department of Commerce, the U.S. Secret Service, the Minnesota Financial Crimes Task Force, and the Minnesota Bureau of Criminal Apprehension. It is being prosecuted by Assistant U.S. Attorney Tracy L. Perzel.

This law enforcement action is in part sponsored by the interagency Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. It includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch and, with state and local partners, investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.